



Cooperative Services

The mission of the Rural Business-Cooperative Service (RBS) is to enhance the quality of life for all rural Americans by providing leadership in building competitive businesses and cooperatives that can prosper in the global marketplace. RBS accomplishes this mission by investing its financial resources and /or technical assistance in businesses, cooperatives, and communities, and by building partnerships that leverage public, private, and cooperative resources to stimulate rural economic activity. This fact sheet focuses on the Cooperative Services programs of RBS.

What Is a Cooperative?

User-owned cooperatives process and market products, purchase production supplies or consumer goods, provide housing and credit, build and operate rural utilities, and provide other services needed by rural residents. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs, obtain services that might otherwise be unavailable, and achieve greater returns for their products. Cooperatives, both rural and urban, have been part of the American economy for more than 100 years. By one estimate, nearly one-third of the population belongs to some type of cooperative. Application of the cooperative business structure in rural economies is virtually limitless.

How USDA Helps Rural Cooperatives

The Cooperative Services program of RBS helps rural residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, Cooperative Services provides technical assistance, conducts cooperative-related research, and produces information products to promote public understanding of cooperatives.

For most of the past century, USDA's cooperative assistance has been concentrated on agricultural cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, RBS plans to gradually expand the cooperative program to include assistance to all types of rural cooperatives.

Cooperative Development Assistance

Cooperative Services (CS) provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. CS staff includes cooperative development specialists who do everything from identifying potential cooperative functions to identifying best business and governance practices. They also provide training for cooperative directors.

CS strives to provide a realistic view of what it will take to make a new cooperative succeed. Staff members may also work in conjunction with cooperative development specialists in some of USDA Rural Development's State Offices around the Nation. Recent examples of rural cooperatives CS has helped form include a cooperative for rural women who produce handcrafted gift items, a vegetable growers' cooperative which provides increased market access for its members, and a sea divers' cooperative which harvests and processes sea urchins for export to Asia.

Technical Assistance

CS provides technical assistance to existing cooperatives facing specific problems or challenges. Technical assistance could include helping a cooperative develop a strategic marketing plan to cope with new competitive forces, helping a co-op make a crucial decision whether to merge or form a joint venture with other cooperatives, or in finding a way to turn the raw products of cooperative members into value-added products. These matters are often crucial issues not only for a cooperative, but also for the rural communities in which they operate.

CS can help improve a cooperative's business structure and operating efficiency by analyzing operations, assessing the economic feasibility of adding new facilities, new products or services. Studies cover the full range of decisions facing cooperative businesses. Technical assistance is largely designed to benefit a specific cooperative business or group. However, the results often provide business strategy for all cooperatives.

Research

CS conducts research to provide a knowledge base to help cooperatives deal with changing markets and business trends. Studies include financial, structural, managerial, policy, member governance, legal, and social issues, as well as various other economic activities of cooperatives.

Research is designed to have direct application to current and emerging requirements of cooperatives. A major challenge is to analyze industry structure and cooperative operational practices to determine the changes required to maintain or

achieve a producer-oriented marketing system. Recent research studies have focused on capitalization plans used by cooperatives, identification of new niche markets for cooperatives, and opportunities and obstacles cooperatives face when exporting goods overseas.

Education and Information

The Cooperative Marketing Act of 1926 mandates that USDA "...promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge with educational and marketing agencies, cooperative associations, and others." To meet this goal, CS provides a wide range of cooperative training programs and educational materials.

CS maintains a storehouse of information about cooperatives which it makes available to the public through more than 150 research reports, educational publications, and videos which cover all aspects of cooperative operations. A bimonthly magazine, Rural Cooperatives, reports significant achievements by cooperatives and highlights of CS research, technical assistance, and educational activities.

History and Statistics

Cooperative statistics are collected to detect growth trends and changes in structure and operations of the Nation's farmer-owned cooperatives. Data help identify and support research and technical assistance activities. This information is used extensively by legislative and executive branches of government in formulating agricultural and cooperative-related policy.

For further information or assistance for cooperatives, contact:

Detailed information and applications for financial assistance are available through State and local offices of USDA Rural Development. Some of the authorized programs described above require the implementation of regulations before they are available for funding projects. Consult your USDA Rural Development State Office for information on fund availability.

For more information on Cooperative Programs, you may contact the Iowa State Office at (515) 284-4663 or connect to the USDA Rural Development website: <http://www.rurdev.usda.gov>.

Iowa State Office:

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